

Message Text

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ACTION TRSE-00

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MANILA FOR USADB

E.O. 11652 : N/A

TAGS : ETRD, EFIN, BG

SUBJECT : BANGLADESH: 1976/77 EXPORT POLICY

1. SUMMARY. THE BANGLADESH FY 1977 EXPORT POLICY, ANNOUNCED JULY 1, INCLUDES SEVERAL NEW INCENTIVES, RESPONDS TO DONOR CONCERNS, AND TOGETHER WITH OTHER FACTORS, NOTABLY IMPROVING ECONOMIC CONDITIONS IN DEVELOPING COUNTRY MARKETS, PROMISES TO SEE BANGLADESH EXPORTS RISE OVER THE COMING YEAR. END SUMMARY.

2. EXPORT PROMOTION BUREAU DIRECTOR GENERAL MOKAMMEL HUQ ANNOUNCED JULY 1 THE BDG EXPORT POLICY FOR THE BANGLADESH FISCAL YEAR 1976/77 (JULY TO JUNE). FY '77 TARGET IS \$376 MILLION, marginally LESS THAN ORIGINAL FY '76 TARGET OF \$400 MILLION AND WELL UNDER ORIGINAL FY '75 TARGET OF \$43 MILLION. EXPORTS EARNED \$387 MILLION IN FY '75 AND AN ESTIMATED \$370 MILLION IN FY '76. HUQ'S STATEMENT NOTED THAT REVALUATION OF THE TAKA THIS YEAR IN RELATION TO THE POUND STERLING EXPLAINED THE APPARENTLY QTE INSIGNIFICANT UNQTE

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INCREASE IN THE FY 1977 TARGET OVER FY 1976 EARNINGS.

3. OF THE TOTAL TARGET OF \$376 MILLION, RAW JUTE AND JUTE GOODS ARE TO EARN \$289 MILLION (77 PERCENT), A SLIGHTLY LOWER FRACTION THAN THEIR ESTIMATED 82 PERCENT SHARE IN FY 1976. RAW JUTE EXPORTS ARE TO REACH 2.5 MILLION BALES (OF 400 POUNDS) WORTH \$124 MILLION AND JUTE GOODS EXPORTS 460,000 TONS WORTH \$124 MILLION. THESE FIGURES COMPARE WITH 2.3 MILLION BALES OF RAW JUTE AND 450 TO 460 THOUSAND TONS OF JUTE GOODS SHIPPED IN 1975/76. OTHER ITEMS, INCLUDING PYLONS AND SKINS, TEA, FROZEN SHRIMP AND LEGS ARE TO EARN THE BALANCE OF \$87 MILLION. ACCORDING TO THE DIRECTOR GENERAL'S EXPORT POLICY STATEMENT, THE 1976/77 TARGET WAS SET TO INCREASE EXPORT EARNINGS OVER THEIR 1975/76 LEVEL BY THE FOLLOWING RATES (A) TOTAL EXPORTS, UP 14.2 PERCENT; (B) RAW JUTE, 12.4 PERCENT; (C) JUTE GOODS, 25.1 PERCENT; AND (D) ALL ITEMS, EXCEPTING JUTE, 41 PERCENT.

4. NEW EXPORT INCENTIVES. THESE INCLUDE: (A) APPOINTMENT OF A COMMITTEE TO RECOMMEND AN EXPORT CREDIT GUARANTEE SCHEME (B) ALLOWING EXPORTERS TO BORROW UP TO 80 PERCENT OF THE VALUE OF LETTERS OF CREDIT; (C) INCREASING THE LIST OF THOSE ITEMS, THE EXPORT OF WHICH AUTOMATICALLY ENTITLES THE EXPORTER TO RECEIVE LICENSES TO IMPORT RELEVANT RAW MATERIALS VALUED AT A STATED FRACTION OF THE EXPORT SALES; (D) EXPORTERS WILL GET INCREASED FACILITIES FOR VISITS ABROAD TO PROMOTE THEIR BUSINESS; (E) TEN NEW SALES CENTERS WILL BE OPENED IN IMPORTANT CITIES OF THE WORLD TO PROMOTE THE COUNTRY'S EXPORT TRADE. ONE OFFICE, FOCUSING ON JUTE EXPORTS, IS TO OPEN IN NEW YORK CITY; (F) BANGLADESH EXPECTS TO PARTICIPATE IN AT LEAST TWELVE TO FOURTEEN INTERNATIONAL TRADE FAIRS IN 1976-77; (G) INCREASED NUMBER OF TRADE DELEGATIONS WILL BE SENT ABROAD DURING THE YEAR; (H) ADMINISTRATIVE STRUCTURE OF THE EXPORT PROMOTION BUREAU WILL BE REORGANIZED TO MAKE IT MORE USEFUL TO EXPORTERS; (I) EXPORT OF BLUE LEATHERS WILL BE DIS-

COURAGED AS THE TANNED LEATHER AND FINISHED LEATHER PRODUCTS WILL BRING GREATER AMOUNT OF FOREIGN EXCHANGE.

5. THE FULL TEXT OF THE EXPORT POLICY FOLLOWS BY AIRGRAM.

6. COMMENT. EXPORTS FROM BANGLADESH HAVE HELD RELATIVELY UNLOADED IN NEIGHBORHOOD OF \$360 MILLION ANNUALLY
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SINCE INDEPENDENCE, WELL BELOW THE PRE-INDEPENDENCE LEVEL OF \$540 MILLION (INCLUDING SALES TO WEST PAKISTAN). THIS RESULTS IN PART FROM THE SEVERE TRADE DISLOCATIONS WHICH SEPARATION FROM WEST PAKISTAN ENTAILED. THE INCENTIVES ANNOUNCED THIS YEAR, HOWEVER, RESPOND TO DONOR CONCERNS EXPRESSED MOST RECENTLY AT THE MAY 1976 BANGLADESH AID GROUP MEETING, AND PROMISE TO BEGIN A PROCESS TOWARD INCREASING AND DIVERSIFYING BDG EXPORTS. THESE INCENTIVES, TOGETHER WITH IMPROVING

ECONOMIC CONDITIONS IN DEVELOPED COUNTRY MARKETS, INCREASED PRICES FOR SOME PRINCIPAL EXPORT ITEMS, IMPROVED SUPPLIES OF RAW MATERIALS, AND A HALT TO INFLATION, PROMISE TO ENABLE BANGLADESH TO INCREASE ITS EXPORTS IN 1976/77 OVER THE DISAPPOINTING LEVELS OF PAST YEARS.
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